



North Carolina Department of Health and Human Services
Division of Health Service Regulation

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Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

November 25, 2014

Susan M. Hendrickson
902 Carnegie Center, Suite 500
Princeton, NJ 08540-6531

No Review

Facility or Business: Arbor Terrace of Asheville
Project Description: Ventas, Inc., through a merger with HCT, will become an indirect owner
County: Buncombe
FID #: 970842

Dear Ms. Hendrickson:

The Certificate of Need Section (CON Section) received your letter of October 6, 2014 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

Moreover, you need to contact the Adult Care Licensure Section of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

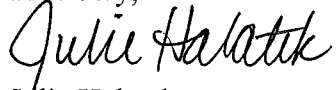
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November 25, 2014
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Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



Julie Halatek
Project Analyst



Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR



SUSAN M. HENDRICKSON

susan.hendrickson@dechert.com
+1 609 955 3206 Direct
+1 609 873 9132 Fax

October 6, 2014

VIA FEDEX

North Carolina Dept. of Health and Human Services
Division of Health Service Regulation, Certificate of Need Section
Dept. for Aging and Independent Living
2704 Mail Service Center
Raleigh, NC 27699-2704
Attn: Craig Smith, Chief

Re: Request for Exemption from Certificate of Need (“CON”) Review – Arbor Terrace of Asheville, located at 3199 Sweeten Creek Road, Asheville, NC

Dear Mr. Smith,

I am writing this letter to provide you with written notice of a proposed transaction that will result in a change in the ownership structure of an adult care home in North Carolina known as Arbor Terrace of Asheville, located at 3199 Sweeten Creek Road, Asheville, NC (the “Facility”).

Ventas, Inc., one of the nation's leading healthcare real estate investment trusts (“Ventas”), and American Realty Capital Healthcare Trust, Inc. (“HCT”) have entered into an agreement and plan of merger, pursuant to which HCT will merge with and into a wholly-owned subsidiary of Ventas. As a result of the merger, Ventas, through its subsidiaries, will become the indirect owner of the Facility. The consummation of this transaction is currently anticipated to occur in November or December of 2014.

The legal entity that is currently licensed by the Division of Health Service Regulation, Adult Care Licensure Section to operate the Facility, ARHC ATASHNC01 TRS, LLC (the “Licensee”), will remain the same. The legal entity that currently owns the land and buildings used to operate the Facility, ARHC ATASHNC01, LLC (the “Property Owner”), will also remain the same, and the existing lease agreement between the Property Owner and the Licensee will remain in effect and be unchanged. Enclosed herewith are organizational structure charts illustrating the pre- and

post-transaction ownership structure of the Licensee and the Property Owner. We have simultaneously notified the Division of Health Service Regulation, Adult Care Licensure Section of the proposed transaction.

In connection with this transaction, we request a letter of exemption from the CON requirements. Pursuant to Chapter 131E, Article 9, Section 131E-184(a)(8) of the North Carolina General Statutes, an acquisition of an existing health service facility, including equipment owned by the health service facility at the time of acquisition, is exempt from CON review.

Should you have questions or need clarification, please do not hesitate to contact me by telephone at 215-994-2359 or by email at susan.hendrickson@dechert.com. You may also contact my colleagues, Dina Kasper (215-994-2431; dina.kasper@dechert.com) or Betsy Kunz (312-646-5822; betsy.kunz@dechert.com). We will attempt to promptly provide you with any additional information you request. Thank you for your time and attention to this matter.

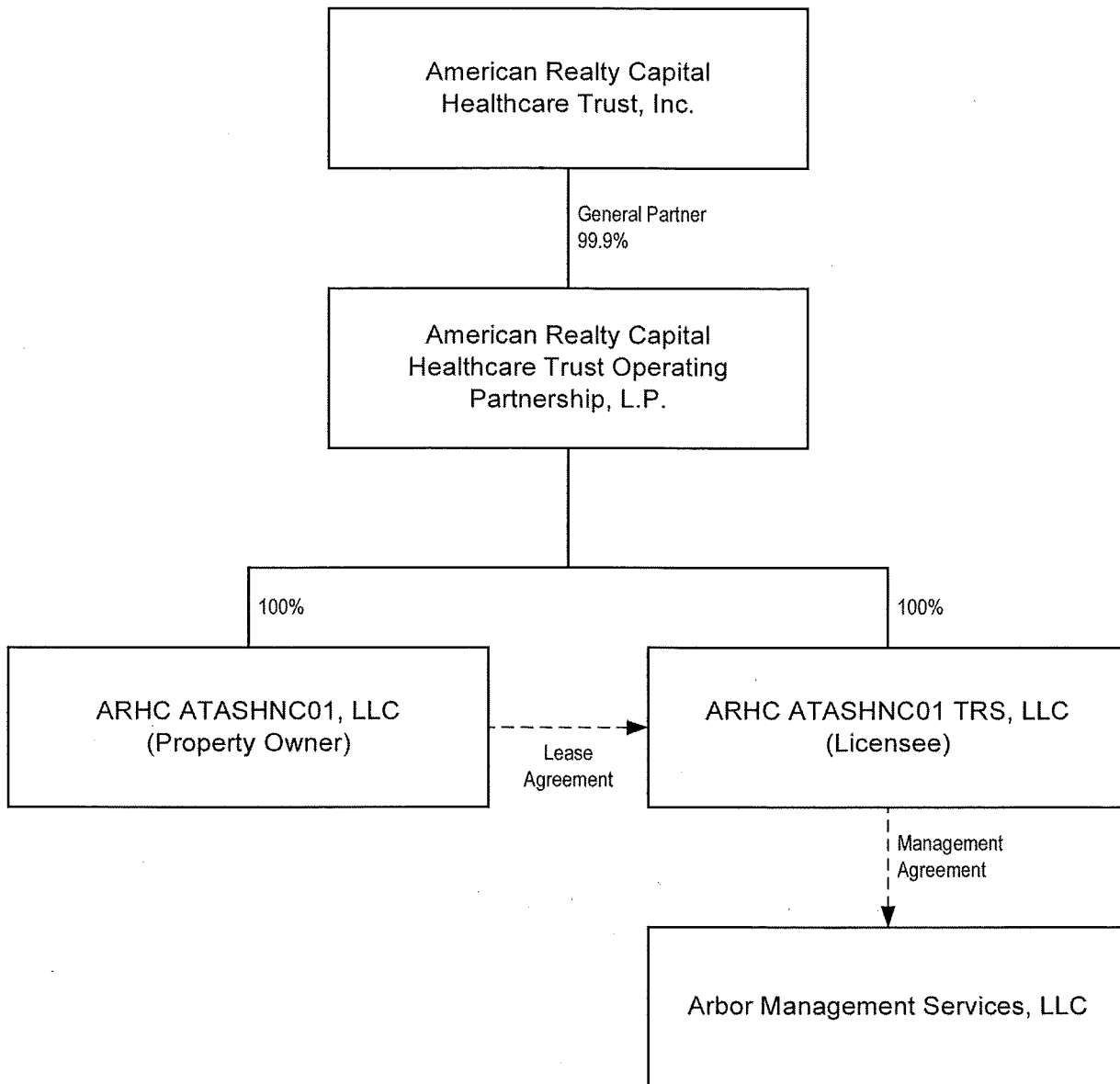
Sincerely,

A handwritten signature in cursive script, appearing to read "Ed Kasper for".

Susan M. Hendrickson

Enclosures

Arbor Terrace of Asheville – Pre-Transaction Ownership Structure



Arbor Terrace of Asheville – Post-Transaction Ownership Structure

